

**SOLID WASTE MANAGEMENT COMMISSION
OF MARSHALL COUNTY**

Independent Auditors' Reports
Basic Financial Statements and
Required Supplementary Information
Schedule of Findings

June 30, 2021 and 2020

SOLID WASTE MANAGEMENT COMMISSION OF MARSHALL COUNTY

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SOLID WASTE MANAGEMENT COMMISSION OF MARSHALL COUNTY

OFFICIALS

<u>Name</u>	<u>Title</u>	<u>Representing</u>
Mike Gowdy	Chairperson	City of Marshalltown
Dale Thompson	Vice-Chairperson	City of Ferguson
Vacant	Member	City of Albion
Cammie Voss	Member	City of Clemons
Greg Schlueter	Member	City of Collins
Coltin Adams	Member	City of Colo
Andy Nott	Member	City of Gilman
Vicky Daters	Member	City of Haverhill
Tana Dixon	Member	City of Laurel
Linda Weitzell	Member	City of LeGrand
John Vry	Member	City of Liscomb
Bill Patten	Member	Marshall County
Mike McCann	Member	Marshall County
Deborah Ewoldt	Member	City of Marshalltown
Al Hoop	Member	City of Marshalltown
Merrill Price	Member	City of Marshalltown
Leon Lamer	Member	City of Marshalltown
Gary Fricke	Member	City of Melbourne
George "Skeeter" Tuttle	Member	City of Rhodes
Shawn Bryant	Member	City of St. Anthony
Terry Shaffar	Member	City of State Center
Erin Cross	Member	City of Whitten
 Don Ballalatak	 Secretary-Treasurer/Superintendent	



C E R T I F I E D ♦ P U B L I C ♦ A C C O U N T A N T S

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Independent Auditors' Report

To the Members of the Solid Waste Management
Commission of Marshall County:

Report on the Financial Statements

We have audited the accompanying financial statements of the Solid Waste Management Commission of Marshall County as of and for the years ended June 30, 2021 and 2020, and the related Notes to Financial Statements which collectively comprise the Solid Waste Management Commission of Marshall County's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Commission's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Solid Waste Management Commission of Marshall County as of June 30, 2021 and 2020, and the changes in its financial position and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Schedule of the Commission's Proportionate Share of the Net Pension Liability, the Schedule of Commission Contributions and the Schedule of Changes in the Commission's Total OPEB Liability, Related Ratios and Notes on pages 4 through 7 and pages 27 through 32 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 16, 2021 on our consideration of the Solid Waste Management Commission of Marshall County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the Commission's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Solid Waste Management Commission of Marshall County's internal control over financial reporting and compliance.

Bowman & Miller, P.C.

November 16, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Solid Waste Management Commission of Marshall County provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the years ended June 30, 2021 and 2020. We encourage readers to consider this information in conjunction with the Commission's financial statements, which follow.

2021 FINANCIAL HIGHLIGHTS

- ◆ The Commission's operating revenues increased 22.2%, or \$612,590, from fiscal year 2020 to fiscal year 2021. Gate fees and other operating revenues increased while County and City assessments remained the same.
- ◆ The Commission's operating expenses were 8.6%, or \$195,308, more in fiscal year 2021 than in fiscal year 2020.
- ◆ The Commission's net position increased 8.3%, or \$1,198,058, from June 30, 2020 to June 30, 2021.

USING THIS ANNUAL REPORT

The Solid Waste Management Commission of Marshall County is a 28E organization and presents its financial statements using the economic resources measurement focus and the accrual basis of accounting, which is the same measurement focus and basis of accounting employed by private sector business enterprises. This discussion and analysis is intended to serve as an introduction to the Solid Waste Management Commission of Marshall County's basic financial statements. The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the Commission's financial activities.

The Statements of Net Position present information on the Commission's assets and deferred outflows of resources less the Commission's liabilities and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Commission is improving or deteriorating.

The Statements of Revenues, Expenses and Changes in Net Position are the basic statements of activities for proprietary funds. These statements present information on the Commission's operating revenues and expenses, non-operating revenues and expenses and whether the Commission's financial position has improved or deteriorated as a result of the year's activities.

The Statements of Cash Flows present the change in the Commission's cash and cash equivalents during the years. This information can assist readers of the report in determining how the Commission financed its activities and how it met its cash requirements.

Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with the Commission's proportionate share of the net pension liability and related contributions as well as presenting the Schedule of Changes in the Commission's Total OPEB Liability, Related Ratios and Notes.

FINANCIAL ANALYSIS OF THE COMMISSION

Statements of Net Position

As noted earlier, net position may serve over time as a useful indicator of the Commission's financial position. The Commission's net position at the end of fiscal year 2021 totaled approximately \$15,573,000. This compares to approximately \$14,375,000 at the end of fiscal year 2020. A summary of the Commission's net position is presented below.

Net Position		
	June 30,	
	2021	2020
Current assets	\$ 6,048,851	5,331,418
Restricted investments	6,547,612	6,320,530
Capital assets at cost, less accumulated depreciation	6,215,958	5,777,228
Total assets	<u>18,812,421</u>	<u>17,429,176</u>
Deferred outflows of resources	<u>145,571</u>	<u>122,659</u>
Current liabilities	153,292	159,181
Noncurrent liabilities	3,216,025	2,956,855
Total liabilities	<u>3,369,317</u>	<u>3,116,036</u>
Deferred inflows of resources	<u>15,945</u>	<u>61,127</u>
Net position:		
Net investment in capital assets	6,215,958	5,777,228
Restricted	3,827,387	3,740,437
Unrestricted	5,529,385	4,857,007
Total net position	<u>\$ 15,572,730</u>	<u>14,374,672</u>

The unrestricted portion of the Commission's net position (35.5%) may be used to meet the Commission's obligations as they come due. The invested in capital assets (e.g. land, buildings, and equipment) portion of net position (39.9%) are resources allocated to capital assets. The remaining net position (24.6%) is restricted for closure and postclosure care, park development, and financial assurance to be able to fund the closure, postclosure and corrective action costs. State and federal laws and regulations require the Commission to place a final cover on the landfill sites and perform certain maintenance and monitoring functions at the landfill sites for a minimum of thirty years after closure.

Statements of Revenues, Expenses and Changes in Net Position

Operating revenues are received for gate fees from accepting solid waste and assessments from the residents of the County. Operating expenses are expenses paid to operate the landfill. Non-operating revenues include interest income, grant income, rental income, insurance proceeds and gain on sale of capital assets. The utilization of capital assets is reflected in the financial statements as depreciation, which allocates the cost of an asset over its expected useful life. A summary of revenues, expenses and changes in net position for the years ended June 30, 2021 and 2020 is presented on the following page.

Changes in Net Position		
	Year ended June 30,	
	2021	2020
Operating revenues:		
Gate fees	\$ 3,197,199	2,589,408
County and city assessments	168,672	168,672
Other operating revenues	11,018	6,219
Total operating revenues	<u>3,376,889</u>	<u>2,764,299</u>
Operating expenses:		
Salaries	506,503	454,745
Employee benefits	222,285	164,517
Machinery maintenance, labor and parts	100,347	64,879
Oil and gas	64,560	45,172
Long range planning and engineering	87,205	66,163
Site maintenance	137,135	205,104
Site utilities	19,584	21,895
Equipment rent	15,005	1,800
Office expenses	47,457	20,970
Training and travel	2,336	3,594
Public education	17,326	4,727
Legal and accounting	23,633	26,852
Insurance	77,138	72,830
Closure and postclosure care	140,132	119,812
Planning and recycling	266,952	319,392
Iowa Department of Natural Resources tonnage fees	117,228	95,628
Depreciation	486,359	446,772
Non-capitalized equipment	6,103	7,145
Payroll taxes	41,244	37,322
Commission expense	1,841	2,510
Retirement expense	68,571	57,055
Contract labor	1,937	17,205
Miscellaneous	12,188	11,672
Total operating expenses	<u>2,463,069</u>	<u>2,267,761</u>
Operating income	<u>913,820</u>	<u>496,538</u>
Non-operating revenues:		
Interest income	152,464	234,358
Grant income	38,739	-
Rental income	9,150	8,000
Insurance proceeds	3,885	-
Gain on sale of assets	80,000	1,900
Total non-operating revenues	<u>284,238</u>	<u>244,258</u>
Change in net position	1,198,058	740,796
Net position beginning of year	<u>14,374,672</u>	<u>13,633,876</u>
Net position end of year	<u>\$ 15,572,730</u>	<u>14,374,672</u>

The Statements of Revenues, Expenses and Changes in Net Position reflect a positive year with an increase in net position at the end of the fiscal year. In fiscal year 2021, operating revenues increased \$612,590, or 22.2%, which was a result of gate fees increasing because the volume of collections received was over 10,000 tons more primarily due to the impact of the August 2020 Derecho storm in the area. Operating expenses increased by \$195,308, or 8.6%. Salaries, employee benefits, equipment maintenance and tonnage fees increased while site maintenance and planning and recycling decreased.

Statements of Cash Flows

The Statements of Cash Flows present information related to cash inflows and outflows, summarized by operating, capital and related financing and investing activities. Cash provided by operating activities includes gate fees and assessments reduced by payments to employees and to suppliers. Cash provided by non-capital financing activities includes grant funds and insurance proceeds received. Cash used by capital and related financing activities includes the purchase and disposal of capital assets. Cash used by investing activities includes the purchase and redemption of certificates of deposit and interest and rental income.

CAPITAL ASSETS

At June 30, 2021, the Commission had approximately \$6,216,000 invested in capital assets, net of accumulated depreciation of approximately \$9,058,000. Depreciation expense totaled \$486,359 and \$446,772 for fiscal years 2021 and 2020, respectively. More detailed information about the Commission's capital assets is presented in Note 3 to the financial statements.

LONG-TERM LIABILITIES

At June 30, 2021, the Commission had \$3,216,025 in long-term liabilities, an increase of \$259,170 from June 30, 2020. Additional information about the Commission's long-term liabilities is presented in Note 4, Note 5 and Note 6 to the financial statements.

ECONOMIC FACTORS

The Solid Waste Management Commission of Marshall County's financial position continued to improve during the current fiscal year. However, the current condition of the economy in the state continues to be a concern for Commission officials. Some of the realities which may potentially become challenges for the Commission to meet are:

- ◆ Facilities and equipment owned and operated by the Commission require constant maintenance and upkeep.
- ◆ Technology continues to expand and current technology becomes outdated presenting an ongoing challenge to maintain up to date technology at a reasonable cost.
- ◆ Annual deposits required to be made to closure and postclosure care accounts are based on constantly changing cost estimates and the number of tons of solid waste received at the facility.
- ◆ Volatility of the recyclables markets and the effect on net processing cost and product throughput volume.
- ◆ Federal and State solid waste legislation and rule revisions and their effect on our current operating costs and long-term closure and postclosure care costs and a dedicated restricted fund to pay for closure and postclosure and corrective costs.

The Commission anticipates tonnage taken in and therefore, gate fees received, next fiscal year (2022) to be much less due to the Derecho storm that hit the area in August 2020. The Commission plans to undertake a project to pave the entrance road leading up to the scale house in fiscal year 2022 at an estimated cost of \$210,000, but they will continue to maintain a close watch over resources to ensure the Commission's ability to react to unknown issues.

CONTACTING THE COMMISSION'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the Commission's finances and to show the Commission's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Solid Waste Management Commission of Marshall County, 2313 Marshalltown Boulevard, Marshalltown, Iowa 50158.

**SOLID WASTE MANAGEMENT COMMISSION
OF MARSHALL COUNTY**
Statements of Net Position
June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Assets		
Current assets:		
Cash	\$ 1,915,351	1,347,512
Investments	3,875,665	3,764,519
Accounts receivable	229,743	196,332
Grant receivable	3,774	-
Prepaid insurance	24,318	23,055
Total current assets	<u>6,048,851</u>	<u>5,331,418</u>
Noncurrent assets:		
Restricted investments	6,547,612	6,320,530
Capital assets, net of accumulated depreciation	<u>6,215,958</u>	<u>5,777,228</u>
Total noncurrent assets	<u>12,763,570</u>	<u>12,097,758</u>
Total assets	<u>18,812,421</u>	<u>17,429,176</u>
Deferred Outflows of Resources		
Pension related deferred outflows	<u>145,571</u>	<u>122,659</u>
Liabilities		
Current liabilities:		
Accounts payable	43,846	73,451
Salaries and benefits payable	41,003	31,316
Accrued liabilities	30,120	24,455
Deferred revenue	<u>38,323</u>	<u>29,959</u>
Total current liabilities	<u>153,292</u>	<u>159,181</u>
Noncurrent liabilities:		
Landfill closure and postclosure care	2,720,225	2,580,093
Net pension liability	396,455	307,005
Total OPEB liability	<u>99,345</u>	<u>69,757</u>
Total noncurrent liabilities	<u>3,216,025</u>	<u>2,956,855</u>
Total liabilities	<u>3,369,317</u>	<u>3,116,036</u>
Deferred Inflows of Resources		
Pension related deferred inflows	<u>15,945</u>	<u>61,127</u>
Net position		
Net investment in capital assets	6,215,958	5,777,228
Restricted for:		
Park development and maintenance	65,673	65,063
Closure and postclosure care	2,509,923	2,423,583
Financial assurance dedicated fund	1,251,791	1,251,791
Unrestricted	<u>5,529,385</u>	<u>4,857,007</u>
Total net position	<u>\$ 15,572,730</u>	<u>14,374,672</u>

**SOLID WASTE MANAGEMENT COMMISSION
OF MARSHALL COUNTY**

Exhibit B

**Statements of Revenues, Expenses and
Changes in Net Position
Years ended June 30, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
Operating revenues:		
Gate fees	\$ 3,197,199	2,589,408
County and city assessments	168,672	168,672
Other operating revenues	11,018	6,219
Total operating revenues	<u>3,376,889</u>	<u>2,764,299</u>
Operating expenses:		
Salaries	506,503	454,745
Employee benefits	222,285	164,517
Machinery maintenance, labor and parts	100,347	64,879
Oil and gas	64,560	45,172
Long range planning and engineering	87,205	66,163
Site maintenance	137,135	205,104
Site utilities	19,584	21,895
Equipment rent	15,005	1,800
Office expenses	47,457	20,970
Training and travel	2,336	3,594
Public education	17,326	4,727
Legal and accounting	23,633	26,852
Insurance	77,138	72,830
Closure and postclosure care	140,132	119,812
Planning and recycling	266,952	319,392
Iowa Department of Natural Resources tonnage fees	117,228	95,628
Depreciation	486,359	446,772
Non-capitalized equipment	6,103	7,145
Payroll taxes	41,244	37,322
Commission expense	1,841	2,510
Retirement expense	68,571	57,055
Contract labor	1,937	17,205
Miscellaneous	12,188	11,672
Total operating expenses	<u>2,463,069</u>	<u>2,267,761</u>
Operating income	<u>913,820</u>	<u>496,538</u>
Non-operating revenues:		
Interest income	152,464	234,358
Grant income	38,739	-
Rental income	9,150	8,000
Insurance proceeds	3,885	-
Gain on sale of capital assets	80,000	1,900
Total non-operating revenues	<u>284,238</u>	<u>244,258</u>
Change in net position	1,198,058	740,796
Net position beginning of year	<u>14,374,672</u>	<u>13,633,876</u>
Net position end of year	<u>\$ 15,572,730</u>	<u>14,374,672</u>

**SOLID WASTE MANAGEMENT COMMISSION
OF MARSHALL COUNTY**

Exhibit C

**Statements of Cash Flows
Years ended June 30, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Cash received from gate fees	\$ 3,172,152	2,569,013
Cash received from assessments	168,672	168,672
Cash received from other operating receipts	11,018	6,219
Cash paid to suppliers for goods and services	(1,132,993)	(1,134,597)
Cash paid to employees for services	(668,157)	(591,334)
Net cash provided by operating activities	<u>1,550,692</u>	<u>1,017,973</u>
Cash flows from non-capital financing activities:		
Cash received from grant funds	34,965	-
Cash received from insurance proceeds	3,885	-
Net cash provided by non-capital financing activities	<u>38,850</u>	<u>-</u>
Cash flows from capital and related financing activities:		
Purchase of capital assets	(925,088)	(755,659)
Proceeds from sale of capital assets	80,000	1,900
Net cash used by capital and related financing activities	<u>(845,088)</u>	<u>(753,759)</u>
Cash flows from investing activities:		
Purchase of certificates of deposit	(7,271,048)	(3,038,815)
Proceeds from redemption of certificates of deposit	7,159,901	2,731,147
Purchase of restricted investments	(9,265,728)	(5,135,501)
Proceeds from redemption of restricted investments	9,038,646	4,860,651
Rental income	9,150	8,000
Interest received	152,464	234,358
Net cash used by investing activities	<u>(176,615)</u>	<u>(340,160)</u>
Net increase (decrease) in cash and cash equivalents	567,839	(75,946)
Cash and cash equivalents beginning of year	<u>1,347,512</u>	<u>1,423,458</u>
Cash and cash equivalents end of year	<u>\$ 1,915,351</u>	<u>1,347,512</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 913,820	496,538
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	486,359	446,772
Closure and postclosure care	140,132	119,812
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	(33,411)	(14,562)
(Increase) decrease in prepaid insurance	(1,263)	5,776
Increase (decrease) in accounts payable	(29,605)	(55,893)
Increase (decrease) in salaries and benefits payable	9,687	7,314
Increase (decrease) in accrued liabilities	5,665	(2,565)
Increase (decrease) in deferred revenue	8,364	(5,833)
Increase (decrease) in net pension liability	89,450	12,308
Increase (decrease) in total OPEB liability	29,588	6,234
(Increase) decrease in deferred outflows of resources	(22,912)	(17,118)
Increase (decrease) in deferred inflows of resources	(45,182)	19,190
Total adjustments	<u>636,872</u>	<u>521,435</u>
Net cash provided by operating activities	<u>\$ 1,550,692</u>	<u>1,017,973</u>

See notes to financial statements.

**SOLID WASTE MANAGEMENT COMMISSION
OF MARSHALL COUNTY
Notes to Financial Statements
June 30, 2021 and 2020**

(1) Summary of Significant Accounting Policies

The Solid Waste Management Commission of Marshall County was formed pursuant to the provisions of Chapter 28E of the Code of Iowa. The purpose of the Commission is to operate the sanitary landfill in Marshall County for use by all residents of the County.

The Commission is composed of at least one representative from each of the seventeen member municipalities, except that Marshalltown shall have at least two voting representatives. The member municipalities are: Albion, Clemons, Collins, Colo, Ferguson, Gilman, Haverhill, Laurel, LeGrand, Liscomb, Marshall County, Marshalltown, Melbourne, Rhodes, St. Anthony, State Center and Whitten. Each member is entitled to one vote for each 1,500 people or fraction thereof as determined by the most recent general Federal Census.

The Commission's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, the Solid Waste Management Commission of Marshall County has included all funds, organizations, agencies, boards, commissions and authorities. The Commission has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the Commission are such that exclusion would cause the Commission's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the Commission to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the Commission. The Commission has no component units which meet the Governmental Accounting Standards Board criteria.

B. Basis of Presentation

The accounts of the Commission are organized as an Enterprise Fund. Enterprise Funds are utilized to finance and account for the acquisition, operation and maintenance of governmental facilities and services supported by user charges.

The Statements of Net Position present the Solid Waste Management Commission of Marshall County's nonfiduciary assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. Net position is reported in the following categories:

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction, or improvement of those assets.

**SOLID WASTE MANAGEMENT COMMISSION
OF MARSHALL COUNTY**
Notes to Financial Statements (Continued)
June 30, 2021 and 2020

(1) **Summary of Significant Accounting Policies (Continued)**

B. Basis of Presentation (Continued)

Restricted net position results when constraints placed on net position use are either externally imposed or are imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position consists of net position not meeting the definition of the preceding categories. Unrestricted net position is often subject to constraints imposed by management which can be removed or modified.

C. Measurement Focus and Basis of Accounting

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The Commission distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the Commission's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position

The following accounting policies are followed in preparing the Statements of Net Position:

Cash, Cash Equivalents and Investments – The Commission considers all short-term investments that are highly liquid to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months. Cash investments not meeting the definition of cash equivalents at June 30, 2021 and 2020 include certificates of deposit of \$10,423,277 and \$10,085,049, respectively.

Restricted Investments – Certificate of deposit funds set aside for payment of closure and postclosure care costs and park development are classified as restricted.

**SOLID WASTE MANAGEMENT COMMISSION
OF MARSHALL COUNTY**
Notes to Financial Statements (Continued)
June 30, 2021 and 2020

(1) Summary of Significant Accounting Policies (Continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position (Continued)

Accounts Receivable – Accounts receivable represent amounts billed for waste disposal services at June 30, 2021 and 2020. Due to the Commission's policy to deny continued service to customers with past due bills, management believes uncollectible accounts are negligible. Therefore, no allowance for uncollectible accounts has been recorded.

Capital Assets – Capital assets are accounted for at historical cost. Depreciation of all exhaustible capital assets is charged as an expense against operations. The cost of repair and maintenance is charged to expense while the cost of renewals or substantial betterments is capitalized. The cost and accumulated depreciation of assets disposed of are deleted, with any gain or loss recorded in current operations.

Reportable capital assets are defined by the Commission as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Buildings/Leachate Systems	\$ 25,000
Equipment and Vehicles	5,000
Land development	5,000
Land	5,000

Capital assets of the Commission are depreciated using the straight line method over the following estimated useful lives:

Asset Class	Estimated Useful Lives (In Years)
Buildings/Leachate System	30
Equipment	7 - 10
Land development	15

Interest is capitalized on qualified assets acquired with certain tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period. There were no qualifying assets acquired during the years ended June 30, 2021 and 2020.

**SOLID WASTE MANAGEMENT COMMISSION
OF MARSHALL COUNTY**
Notes to Financial Statements (Continued)
June 30, 2021 and 2020

(1) Summary of Significant Accounting Policies (Continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position (Continued)

Deferred Outflows of Resources – Deferred outflows of resources represent a consumption of net position applicable to a future year(s) which will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension expense and contributions from the Commission after the measurement date but before the end of the Commission's reporting period.

Compensated Absences – Commission employees accumulate a limited amount of earned but unused sick and vacation hours for subsequent use or for payment upon termination, death or retirement. The Commission's liability for accumulated sick and vacation hours has been computed based on rates of pay in effect at June 30, 2021 and 2020.

Pensions – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Iowa Public Employees' Retirement System (IPERS) and additions to/deductions from IPERS' fiduciary net position have been determined on the same basis as they are reported by IPERS. For this purpose, benefit payments, including refunds of employee contributions, are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Total OPEB Liability – For purposes of measuring the total OPEB liability and OPEB expense, information has been determined based on the Solid Waste Management Commission of Marshall County's actuary report. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms.

Deferred Inflows of Resources – Deferred inflows of resources represent an acquisition of net position applicable to a future year(s) which will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources in the Statements of Net Position consist of unrecognized items not yet charged to pension expense and the unamortized portion of the net difference between projected and actual earnings on pension plan assets.

**SOLID WASTE MANAGEMENT COMMISSION
OF MARSHALL COUNTY**
Notes to Financial Statements (Continued)
June 30, 2021 and 2020

(2) Cash, Cash Equivalents and Investments

The Commission's deposits in banks at June 30, 2021 and 2020 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against depositories to ensure there will be no loss of public funds.

The Commission is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Commission; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The Commission had no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 72.

(3) Capital Assets

Capital assets activity for the year ended June 30, 2021 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Capital assets not being depreciated:				
Land and improvements	750,944	—	—	750,944
Construction in progress	20,325	—	20,325	—
Total capital assets not being depreciated	771,269	—	20,325	750,944
Capital assets being depreciated:				
Land development costs	8,721,228	343,761	—	9,064,989
Buildings	760,681	—	—	760,681
Equipment and vehicles	3,729,211	601,653	408,318	3,922,546
Leachate system	775,285	—	—	775,285
Total capital assets being depreciated	13,986,405	945,414	408,318	14,523,501
Less accumulated depreciation for:				
Land development costs	5,665,929	157,835	—	5,823,764
Buildings	256,421	16,856	—	273,277
Equipment and vehicles	2,510,973	283,798	408,318	2,386,453
Leachate system	547,123	27,870	—	574,993
Total accumulated depreciation	8,980,446	486,359	408,318	9,058,487
Total capital assets being depreciated, net	5,005,959	459,055	—	5,465,014
Total capital assets, net	5,777,228	459,055	20,325	6,215,958

**SOLID WASTE MANAGEMENT COMMISSION
OF MARSHALL COUNTY
Notes to Financial Statements (Continued)
June 30, 2021 and 2020**

(4) Pension Plan

Plan Description – IPERS membership is mandatory for employees of the Commission, except those covered by another retirement system. Employees of the Commission are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by the Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at P.O. Box 9117, Des Moines, Iowa 50306-9117 or at www.ipers.org.

IPERS benefits are established under Iowa Code Chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

Pension Benefits – A Regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, any time after reaching age 62 with 20 or more years of covered employment, or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. These qualifications must be met on the member's first month of entitlement to benefits. Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a Regular member's monthly IPERS benefit includes:

- A multiplier based on years of service.
- The member's highest five-year average salary, except members with service before June 30, 2012 will use the highest three-year average salary as of that date if it is greater than the highest five-year average salary.

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25% for each month that the member receives benefits before the member's earliest normal retirement age. For service earned on or after July 1, 2012, the reduction is 0.50% for each month the member receives benefits before age 65.

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

Disability and Death Benefits – A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

**SOLID WASTE MANAGEMENT COMMISSION
OF MARSHALL COUNTY**
Notes to Financial Statements (Continued)
June 30, 2021 and 2020

(4) Pension Plan (Continued)

Contributions – Contribution rates are established by IPERS following the annual actuarial valuation which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. State statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2021, pursuant to the required rate, Regular members contributed 6.29% of covered payroll and the Commission contributed 9.44% of covered payroll, for a total rate of 15.73%.

The Commission's contributions to IPERS for the year ended June 30, 2021 totaled \$47,012.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2021, the Commission reported a liability of \$396,455 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Commission's proportion of the net pension liability was based on the Commission's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2020, the Commission's proportion was 0.0056437% which was an increase of 0.0003420% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the Commission recognized pension expense of \$68,368. At June 30, 2021, the Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 438	9,397
Changes of assumptions	20,350	-
Net difference between projected and actual earnings on IPERS investments	22,287	-
Changes in proportion and differences between Commission contributions and the Commission's proportionate share of contributions	55,484	6,548
Commission's contributions subsequent to the measurement date	47,012	-
Total	\$ 145,571	15,945

**SOLID WASTE MANAGEMENT COMMISSION
OF MARSHALL COUNTY**
Notes to Financial Statements (Continued)
June 30, 2021 and 2020

(4) Pension Plan (Continued)

\$47,012 reported as deferred outflows of resources related to pensions resulting from Commission contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	
2022	\$ 16,617
2023	23,268
2024	20,058
2025	20,542
2026	2,129
	<u>\$ 82,614</u>

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions – The total pension liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement:

Rate of inflation	
(effective June 30, 2017)	2.60% per annum.
Rates of salary increase	3.25 to 16.25% average, including inflation.
(effective June 30, 2017)	Rates vary by membership group.
Long-term investment rate of return	7.00% compounded annually, net of investment
(effective June 30, 2017)	expense, including inflation.
Wage growth	3.25% per annum, based on 2.60% inflation and
(effective June 30, 2017)	0.65% real wage inflation.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an economic assumption study dated March 24, 2017 and a demographic assumption study dated June 28, 2018.

Mortality rates used in the 2020 valuation were based on the RP-2014 Employee and Healthy Annuitant Tables with MP-2017 generational adjustments.

The long-term expected rate of return on IPERS' investments was determined using a building block method in which best-estimate ranges of expected future real rates (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

**SOLID WASTE MANAGEMENT COMMISSION
OF MARSHALL COUNTY**
Notes to Financial Statements (Continued)
June 30, 2021 and 2020

(4) Pension Plan (Continued)

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
Domestic equity	22.0 %	4.43 %
International equity	17.5	5.15
Global smart beta equity	6.0	4.87
Core plus fixed income	28.0	(0.29)
Public credit	4.0	2.29
Cash	1.0	(0.78)
Private equity	11.0	6.54
Private real assets	7.5	4.48
Private credit	3.0	3.11
Total	100.0 %	

Discount Rate – The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed employee contributions will be made at the contractually required rate and contributions from the Commission will be made at contractually required rates, actuarially determined. Based on those assumptions, IPERS' fiduciary net position was projected to be available to make all projected future benefit payments to current active and inactive employees. Therefore, the long-term expected rate of return on IPERS' investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Commission's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the Commission's proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the Commission's proportionate share of the net pension liability would be if it were calculated using a discount rate 1% lower (6.00%) or 1% higher (8.00%) than the current rate.

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
Commission's proportionate share of the net pension liability	\$ 661,055	\$ 396,455	\$ 174,592

IPERS' Fiduciary Net Position – Detailed information about IPERS' fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at www.ipers.org.

**SOLID WASTE MANAGEMENT COMMISSION
OF MARSHALL COUNTY**
Notes to Financial Statements (Continued)
June 30, 2021 and 2020

(4) Pension Plan (Continued)

Payables to IPERS – At June 30, 2021, the Commission reported payables to IPERS of \$3,593 for legally required Commission contributions and \$2,394 for legally required employee contributions withheld from employee wages which had not yet been remitted to IPERS.

(5) Other Postemployment Benefits (OPEB)

Plan Description – The Commission administers a single-employer benefit plan which provides medical, prescription drug and dental benefits for employees, retirees and their spouses. Group insurance benefits are established under Iowa Code Chapter 509A.13. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

OPEB Benefits – Individuals who are employed by the Solid Waste Management Commission of Marshall County and are eligible to participate in the group health plan are eligible to continue healthcare benefits upon retirement. Retirees under age 65 pay the same premium for the medical, prescription drug and dental benefits as active employees, which results in an implicit rate subsidy and an OPEB liability.

Retired participants must be age 55 or older at retirement. At June 30, 2021, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	-
Active employees	8
Total	<u><u>8</u></u>

Total OPEB Liability – The Commission's total OPEB liability of \$99,345 was measured as of June 30, 2021 and was determined using the alternative measurement method (AMM) valuation report as of June 30, 2020.

Actuarial Assumptions – The total OPEB liability in the June 30, 2020 AMM valuation was determined using the following actuarial assumptions and the entry age normal actuarial cost method, applied to all periods in the measurement.

Rate of inflation (effective June 30, 2020)	3.00% per annum.
Rates of salary increase (effective June 30, 2020)	3.00% per annum, including inflation.
Discount rate (effective June 30, 2020)	2.21% compounded annually, including inflation.
Healthcare cost trend rate (effective June 30, 2020)	7.00% initial rate decreasing by 0.5% annually to an ultimate rate of 5.00%

**SOLID WASTE MANAGEMENT COMMISSION
OF MARSHALL COUNTY**
Notes to Financial Statements (Continued)
June 30, 2021 and 2020

(5) Other Postemployment Benefits (OPEB) (Continued)

Discount Rate – The discount rate used to measure the total OPEB liability was 2.21% which reflects the index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of the measurement date.

Mortality rates are from the 2016 United States Life Tables. Annual retirement probabilities are based on varying rates by age and turnover probabilities which closely mirror those used by IPERS.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study with dates corresponding dates to those listed above.

Changes in the Total OPEB Liability

	Total OPEB Liability
Total OPEB liability beginning of year	\$ 69,757
Changes for the year:	
Service cost	7,601
Interest	2,148
Difference between expected and actual experience	6,583
Changes of assumptions	13,256
Net changes	29,588
Total OPEB liability end of year	\$ 99,345

Sensitivity of the Commission's Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the Commission, as well as what the Commission's total OPEB liability would be if it were calculated using a discount rate that is 1% lower (1.21%) or 1% higher (3.21%) than the current discount rate.

	1% Decrease (1.21%)	Discount Rate (2.21%)	1% Increase (3.21%)
Total OPEB liability	\$ 107,793	\$ 99,345	\$ 90,233

Sensitivity of the Commission's Total OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the total OPEB liability of the Commission, as well as what the Commission's total OPEB liability would be if it were calculated using the healthcare cost trend rates that are 1% lower (6.0% to 4.0%) or 1% higher (8.0% to 6.0%) than the current healthcare cost trend rates.

**SOLID WASTE MANAGEMENT COMMISSION
OF MARSHALL COUNTY**
Notes to Financial Statements (Continued)
June 30, 2021 and 2020

(5) Other Postemployment Benefits (OPEB) (Continued)

	1% Decrease (6.00% to 4.00%)	Healthcare Cost Trend Rate (7.00% to 5.00%)	1% Increase (8.00% to 6.00%)
Total OPEB liability	\$ 85,483	\$ 99,345	\$ 115,537

OPEB Expense – For the year ended June 30, 2021, the Commission recognized OPEB expense of \$29,588.

Since AMM procedures were used in the valuation, changes of assumptions and the difference between expected and actual experience with regard to economic and demographic factors are immediately recognized in OPEB expense resulting in no deferred inflows or deferred outflows.

(6) Closure and Postclosure Care

To comply with federal and state regulations, the Commission is required to complete a monitoring system plan and a closure/postclosure care plan and to provide funding necessary to effect closure and postclosure care, including the proper monitoring and care of the landfill after closure. Environmental Protection Agency (EPA) requirements have established closure and thirty-year postclosure care requirements for all municipal solid waste landfills that receive waste after October 9, 1993. State governments are primarily responsible for implementation and enforcement of those requirements and have been given flexibility to tailor requirements to accommodate local conditions that exist. The effect of the EPA requirement is to commit landfill owners to perform certain closing functions and postclosure monitoring functions as a condition for the right to operate the landfill in the current period. The EPA requirements provide that when a landfill stops accepting waste, it must be covered with a minimum of twenty-four inches of earth to keep liquid away from the buried waste. Once the landfill is closed, the owner is responsible for maintaining the final cover, monitoring ground water and methane gas, and collecting and treating leachate (the liquid that drains out of waste) for thirty years.

Governmental Accounting Standards Board Statement No. 18 requires landfill owners to estimate total landfill closure and postclosure care costs and recognize a portion of these costs each year based on the percentage of estimated total landfill capacity used that period. Estimated total costs consists of four components: (1) the cost of equipment and facilities used in postclosure monitoring and care, (2) the cost of final cover (material and labor), (3) the cost of monitoring the landfill during the postclosure period and (4) the cost of any environmental cleanup required after closure. Estimated total cost is based on the cost to purchase those services and equipment currently and is required to be updated annually for changes due to inflation or deflation, technology, or applicable laws or regulations.

**SOLID WASTE MANAGEMENT COMMISSION
OF MARSHALL COUNTY
Notes to Financial Statements (Continued)
June 30, 2021 and 2020**

(6) Closure and Postclosure Care (Continued)

These costs for the Commission have been estimated at \$5,578,100 for closure care and \$9,700 and \$1,548,000 for postclosure care for Area A and Area B, respectively, for a total of \$7,135,800 as of June 30, 2021, and the portion of the liability that has been recognized is \$2,720,225. These amounts are based on what it would cost to perform all closure and postclosure care during the year ended June 30, 2021. Actual costs may be higher due to inflation, changes in technology or changes in regulations. During the years ended June 30, 2021 and 2020, the total amount of waste disposed of at the facility was 55,823 and 45,537 tons, respectively, and the estimated remaining capacity of the landfill at June 30, 2021 was 2,174,525 tons.

Chapter 455B.306(9)(b) of the Code of Iowa requires permit holders of municipal solid waste landfills to maintain separate closure and postclosure care accounts to accumulate resources for the payment of closure and postclosure care costs. The Commission has begun accumulating resources to fund these costs and, at June 30, 2021, assets of \$5,230,148 are held for these purposes. The Board has also designated \$1,251,791 in other investments to the financial assurance dedicated fund for closure and postclosure care. They are reported as restricted investments in the Statements of Net Position.

Also, pursuant to Chapter 567-113.14(8) of the Iowa Administrative Code (IAC), since the estimated closure and postclosure care costs are not fully funded, the Commission is required to demonstrate financial assurance for the unfunded costs. The Commission has adopted the dedicated fund financial assurance mechanism. Under this mechanism, the Commission must certify the following to the Iowa Department of Natural Resources:

- The fund is dedicated by local government statute as a reserve fund.
- Payments into the fund are made annually over a pay-in period of ten years or the permitted life of the landfill, whichever is shorter.
- Annual deposits to the fund are determined by the following formula:

$$NP = \frac{CE - CB}{Y}$$

NP = next payment

CE = total required financial assurance

CB = current balance of the fund

Y = number of years remaining in the pay-in period

Chapter 567-113.14(8) of the IAC allows the Commission to choose the dedicated fund mechanism to demonstrate financial assurance and use the accounts established to satisfy the closure and postclosure care account requirements. Accordingly, the Commission is not required to establish closure and postclosure care accounts in addition to the accounts established to comply with the dedicated fund financial assurance mechanism.

**SOLID WASTE MANAGEMENT COMMISSION
OF MARSHALL COUNTY**
Notes to Financial Statements (Continued)
June 30, 2021 and 2020

(7) Solid Waste Tonnage Fees Retained

The Commission has established an account for restricting and using solid waste tonnage fees retained by the Commission in accordance with Chapter 455B.310 of the Code of Iowa.

At June 30, 2021 and 2020, the Commission had no unspent amounts retained and restricted for the required purposes.

(8) Risk Management

The Commission is a member in the Iowa Communities Assurance Pool, as allowed by Chapter 670.7 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 785 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public official's liability, police professional liability, property, inland marine and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual casualty operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses estimated for the fiscal year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained at a level determined by the Board not to exceed 300% of basis rate.

The Pool also provides property coverage. Members who elect such coverage make annual property operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses, reinsurance premiums, losses and loss expenses for property risks estimated for the fiscal year, plus all or any portion of any deficiency in capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

The Commission's property and casualty contributions to the Pool are recorded as expenditures from its operating funds at the time of payment to the Pool. The Commission's contributions to the Pool for the years ended June 30, 2021 and 2020 were \$16,942 and \$17,107, respectively.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$500,000 per claim. Claims exceeding \$500,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the Commission's risk-sharing certificate. Property and automobile physical damage risks are retained by the Pool up to \$250,000 each occurrence, each location. Property risks exceeding \$250,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the Commission's risk-sharing certificate.

**SOLID WASTE MANAGEMENT COMMISSION
OF MARSHALL COUNTY
Notes to Financial Statements (Continued)
June 30, 2021 and 2020**

(8) Risk Management (Continued)

The Pool's intergovernmental contract with its members provides that in the event a casualty claim, property loss or series of claims or losses exceeds the amount of risk-sharing protection provided by the Commission's risk-sharing certificate, or in the event of a casualty claim, property loss or series of claims or losses exhausts the Pool's funds and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member against whom the claim was made or the loss was incurred.

The Commission does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2021, no liability has been recorded in the Commission's financial statements. As of June 30, 2021, settled claims have not exceeded the risk pool or reinsurance coverage since the Pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days prior written notice may withdraw from the Pool. Upon withdrawal, payments for all casualty claims and claims expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Upon withdrawal, a formula set forth in the Pool's intergovernmental contract with its members is applied to determine the amount (if any) to be refunded to the withdrawing member.

The Commission also carries commercial insurance purchased from other insurers for coverage associated with worker's compensation in the amount of \$1,000,000. The Commission assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(9) Recyclable Materials Processing and White Goods Recycling

The Commission entered into a recycling agreement with MIW, Inc. (the Company). The agreement is for the purpose of reducing the amount of tonnage entering the Commission's landfill operation and provides for payment of an amount per ton for the processing of recyclables at a processing facility maintained by the Company. The agreement is for a period of six years beginning January 1, 2016 and the formula used to calculate the processing fee will be reviewed annually. The amount paid to the Company for the years ending June 30, 2021 and 2020 was \$184,908 and \$249,954, respectively.

The Commission also enters into an annual agreement with Bell Savage to provide for the legal and safe removal, processing, and disposal of white goods (appliances) and scrap metal brought to the landfill.

**SOLID WASTE MANAGEMENT COMMISSION
OF MARSHALL COUNTY
Notes to Financial Statements (Continued)
June 30, 2021 and 2020**

(10) Grants

Since the Commission is part of the EMS program through the Iowa DNR, they typically receive grant funds on a reimbursement basis to be used to offset costs of specific projects. During the current year, the Commission was awarded EMS grants totaling \$37,739 to be used to fund a new LED welcome sign and roll-off containers. At June 30, 2021, the Commission was still due from the Iowa DNR \$3,774 related to these grants. During the current year, the Commission also received a \$1,000 ICAP Safety grant.

(11) COVID-19

In March 2020, the COVID-19 outbreak was declared a global pandemic. The disruption to businesses across a range of industries in the United States continues to evolve. The full impact to local, regional and national economies, including that of the Commission, remains uncertain.

To date, the outbreak has not created a material disruption to the operations of the Commission. However, the extent of the financial impact of COVID-19 will depend on future developments, including the spread of the virus, duration and timing of the economic recovery. Due to these uncertainties, management cannot reasonably estimate the potential impact to the Commission.

(12) Date of Management Evaluation

In September 2021, the Commission entered into a construction contract to make improvements to the entrance road leading up to the scale house with an estimated cost of \$210,000. The Commission anticipates this project to be completed next fiscal year.

Management has evaluated subsequent events through November 16, 2021, the date on which the financial statements were available to be issued.

Required Supplementary Information

SOLID WASTE MANAGEMENT COMMISSION OF MARSHALL COUNTY

Schedule of the Commission's Proportionate Share of the Net Pension Liability

Iowa Public Employees' Retirement System

For the Last Seven Years*

Required Supplementary Information

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Commission's proportion of the net pension liability	0.0056437 %	0.0053017 %	0.0046569
Commission's proportionate share of the net pension liability	\$ 396,455	307,005	294,697
Commission's covered payroll	\$ 447,896	403,481	350,006
Commission's proportionate share of the net pension liability as a percentage of its covered payroll	88.51 %	76.09 %	84.20
IPERS' net position as a percentage of the total pension liability	82.90 %	85.45 %	83.62

* In accordance with GASB Statement No. 68, the amounts presented for each fiscal year were determined as of June 30 of the preceding year.

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
%	0.0040891 %	0.0044853 %	0.0049951 %	0.0053226 %
	272,388	282,273	246,782	211,089
	305,235	321,881	342,210	349,288
%	89.24 %	87.69 %	72.11 %	60.43 %
%	82.21 %	81.82 %	85.19 %	87.61 %

**SOLID WASTE MANAGEMENT COMMISSION
OF MARSHALL COUNTY**

Schedule of Commission Contributions
Iowa Public Employees' Retirement System
For the Last Ten Years
Required Supplementary Information

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Statutorily required contribution	\$ 46,256	42,281	38,089	31,256
Contributions in relation to the statutorily required contribution	<u>(47,012)</u>	<u>(42,281)</u>	<u>(38,089)</u>	<u>(31,256)</u>
Contribution deficiency (excess)	<u>\$ (756)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Commission's covered payroll	\$ 490,007	447,896	403,481	350,006
Contributions as a percentage of covered payroll	9.44%	9.44%	9.44%	8.93%

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
27,257	28,744	30,559	31,191	30,829	27,755
<u>(27,257)</u>	<u>(28,744)</u>	<u>(30,559)</u>	<u>(31,191)</u>	<u>(30,829)</u>	<u>(27,755)</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
305,235	321,881	342,210	349,288	355,588	343,928
8.93%	8.93%	8.93%	8.93%	8.67%	8.07%

**SOLID WASTE MANAGEMENT
COMMISSION OF MARSHALL COUNTY
Notes to Required Supplementary Information - Pension Liability
Years Ended June 30, 2021 and 2020**

Changes of benefit terms:

There are no significant changes in benefit terms

Changes of assumptions:

The 2018 valuation implemented the following refinements as a result of a demographic assumption study dated June 28, 2018:

- Changed mortality assumptions to the RP-2014 mortality tables with mortality improvements modeled using Scale MP-2017.
- Adjusted retirement rates.
- Lowered disability rates.
- Adjusted the probability of a vested Regular member electing to receive a deferred benefit.
- Adjusted the merit component of the salary increase assumption.

The 2017 valuation implemented the following refinements as a result of an experience study dated March 24, 2017:

- Decreased the inflation assumption from 3.00% to 2.60%.
- Decreased the assumed rate of interest on member accounts from 3.75% to 3.50% per year.
- Decreased the discount rate from 7.50% to 7.00%.
- Decreased the wage growth assumption from 4.00% to 3.25%.
- Decreased the payroll growth assumption from 4.00% to 3.25%.

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decreased the inflation assumption from 3.25% to 3.00%.
- Decreased the assumed rate of interest on member accounts from 4.00% to 3.75% per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Moved from an open 30-year amortization period to a closed 30-year amortization period for the UAL (unfunded actuarial liability) beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20-year period.

SOLID WASTE MANAGEMENT COMMISSION OF MARSHALL COUNTY

Schedule of Changes in the Commission's Total OPEB Liability, Related Ratios and Notes For the Last Three Years Required Supplementary Information

	2021	2020	2019
Service cost	\$ 7,601	3,635	3,529
Interest cost	2,148	2,599	2,367
Difference between expected and actual experience	6,583	-	-
Changes in assumptions	13,256	-	-
Benefit payments	-	-	-
Net change in total OPEB liability	29,588	6,234	5,896
Total OPEB liability beginning of year	69,757	63,523	57,627
Total OPEB liability end of year	\$ 99,345	69,757	63,523
Covered payroll	\$ 498,007	447,896	403,481
Total OPEB liability as a percentage of covered payroll	19.9%	15.6%	15.7%

Notes to Schedule of Changes in the Commission's Total OPEB Liability and Related Ratios

Changes in benefit terms:

There were no significant changes in benefit terms.

Changes in assumptions:

Changes in assumptions and other inputs reflect the effects of the changes in the discount rate each period. The following are the discount rates used in each period.

Year ended June 30, 2021	2.21%
Year ended June 30, 2020	3.87%
Year ended June 30, 2019	3.87%



C E R T I F I E D ♦ P U B L I C ♦ A C C O U N T A N T S

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Independent Auditors' Report on Internal Control
over Financial Reporting and on Compliance and Other Matters
Based on Audits of Financial Statements Performed in Accordance with
Government Auditing Standards

To the Members of the Solid Waste Management
Commission of Marshall County:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the Solid Waste Management Commission of Marshall County as of and for the years ended June 30, 2021 and 2020, and the related Notes to Financial Statements which collectively comprise the Commission's basic financial statements, and have issued our report thereon dated November 16, 2021.

Internal Control Over Financial Reporting

In planning and performing our audits of the financial statements, we considered the Solid Waste Management Commission of Marshall County's internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Solid Waste Management Commission of Marshall County's internal control. Accordingly, we do not express an opinion on the effectiveness of the Solid Waste Management Commission of Marshall County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying Schedule of Findings, we identified deficiencies in internal control we consider to be a material weakness and a significant deficiency.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the Solid Waste Management Commission of Marshall County's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiency in the Solid Waste Management Commission of Marshall County's internal control described in the accompanying Schedule of Findings as item (A) to be a material weakness.

A significant deficiency is a deficiency, or combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying Schedule of Findings as item (B) to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Solid Waste Management Commission of Marshall County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters required to be reported under Government Auditing Standards.

Comments involving statutory and other legal matters about the Commission's operations for the years ended June 30, 2021 and 2020 are based exclusively on knowledge obtained from procedures performed during our audits of the financial statements of the Commission. Since our audits were based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Solid Waste Management Commission of Marshall County's Responses to the Findings

The Solid Waste Management Commission of Marshall County's responses to the findings identified in our audits are described in the accompanying Schedule of Findings. The Solid Waste Management Commission of Marshall County's responses were not subjected to the auditing procedures applied in the audits of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing on internal control and compliance and the results of that testing and not to provide an opinion on the effectiveness of the Commission's internal control or on compliance. This report is an integral part on an audit performed in accordance with Government Auditing Standards in considering the Commission's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Solid Waste Management Commission of Marshall County during the course of our audits. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

Bowman and Miller, P.C.

November 16, 2021

**SOLID WASTE MANAGEMENT COMMISSION
OF MARSHALL COUNTY
Schedule of Findings
Years ended June 30, 2021 and 2020**

Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

(A) Segregation of Duties

Criteria – Management is responsible for establishing and maintaining internal control. A good system of internal control provides for adequate segregation of duties so no one individual handles a transaction from its inception to completion. In order to maintain proper internal control, duties should be segregated so the authorization, custody and recording of transactions are not under the control of the same employee. This segregation of duties helps prevent losses from employee error or dishonesty and maximizes the accuracy of the Commission's financial statements.

Condition – Generally, one or two individuals have control over accounting transactions including collecting, depositing, and recording receipts and signing checks.

Cause – The Commission has a limited number of employees and procedures have not been designed to provide compensating controls through additional oversight of transactions and processes.

Effect – Inadequate segregation of duties could adversely affect the Commission's ability to prevent or detect and correct misstatements, errors, or misappropriation on a timely basis by employees in the normal course of performing their assigned functions.

Recommendation - We realize segregation of duties is difficult with a limited number of office employees. However, the Commission should review its operating procedures to obtain the maximum internal control possible under the circumstances utilizing currently available staff or Board members.

Response – Due to the limited number of office employees, segregation of duties is very difficult. We will consider ways to mitigate the lack of segregation of duties wherever possible.

Conclusion – Response accepted.

**SOLID WASTE MANAGEMENT COMMISSION
OF MARSHALL COUNTY
Schedule of Findings (Continued)
Years ended June 30, 2021 and 2020**

(B) IPERS-Covered Wages

Criteria – Bonus pay to employees is excluded from IPERS-covered wages.

Condition – The Commission approved compensating each employee an additional \$1,000 of hazard pay as a result of the COVID-19 pandemic, and that compensation was reported to IPERS as covered wages when it should have been excluded.

Cause – Policies have not been established to ensure certain compensation given to employees is not reported to IPERS when IPERS excludes it from covered wages.

Effect – The Commission made contributions to IPERS in excess of the statutory amount.

Recommendation – The Commission should ensure any compensation provided to employees that is not included in IPERS-covered wages is not reported to IPERS, and the Commission should file a wage adjustment report with IPERS to correct the oversight.

Response – Any form of compensation excluded from IPERS covered wages, including bonuses, will not be reported to IPERS in the future.

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Other Findings Related to Required Statutory Reporting:

- (1) Questionable Expenses – No expenses we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.
- (2) Travel Expense – No expenditures of money for travel expenses of spouses of Commission officials or employees were noted.
- (3) Restricted Donor Activity – No transactions were noted between the Commission, Commission officials, Commission employees and restricted donors in compliance with Chapter 65B of the Code of Iowa.
- (4) Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa were noted.
- (5) Solid Waste Tonnage Fees Retained – No instances of non-compliance with the solid waste fees used or retained in accordance with provisions of Chapter 455B.310 of the Code of Iowa were noted.
- (6) Board Minutes – No transactions were found that we believe should have been approved in the Commission's minutes but were not.

**SOLID WASTE MANAGEMENT COMMISSION
OF MARSHALL COUNTY
Schedule of Findings (Continued)
Years ended June 30, 2021 and 2020**

Other Findings Related to Required Statutory Reporting (Continued):

- (7) Financial Assurance – The Commission has demonstrated financial assurance for closure and postclosure care by establishing a local government dedicated fund as provided in Chapter 567-113.14(8) of the Iowa Administrative Code. The calculation is made as follows:

Total estimated costs for closure and postclosure care	\$ 7,135,800
Less: Balance of funds held in the local dedicated fund at June 30, 2020	<u>(6,255,467)</u>
	880,333
Divided by the number of years remaining in the pay-in period	\div <u>6</u>
Required payment into the local dedicated fund for the year ended June 30, 2021	146,722
Balance of funds held in the local dedicated fund at June 30, 2020	<u>6,255,467</u>
Required balance of funds to be held in the local dedicated fund at June 30, 2021	\$ <u>6,402,189</u>
Amount Commission has restricted for closure and postclosure care at June 30, 2021:	
Restricted Trust Fund	5,230,148
Board designated funds held in local dedicated fund	<u>1,251,791</u>
	\$ <u>6,481,939</u>

**SOLID WASTE MANAGEMENT COMMISSION
OF MARSHALL COUNTY**

Staff

This audit was performed by:

BOWMAN & MILLER, P.C.
Certified Public Accountants
Marshalltown, Iowa

Personnel:

Nathan P. Minkel, CPA, Partner
Camden J. Kickbush, CPA, Staff